

2005 Credit for Taxpayers Participating in Agricultural Preservation District

Arizona Form 330

Phone Numbers

If you have questions, please call one of the following numbers:

Phoenix	(602) 255-3381
From area codes 520 & 928 toll-free	(800) 352-4090
Form orders	(602) 542-4260
Recorded Tax Information	
Phoenix	(602) 542-1991
From area codes 520 & 928 toll-free	(800) 845-8192
Hearing impaired TDD user	
Phoenix	(602) 542-4021
From area codes 520 & 928 toll-free	(800) 397-0256

You may also visit our web site at: www.azdor.gov

General Instructions

For taxable years beginning from and after December 31, 2000, and ending before January 1, 2006, Arizona law provides a refundable credit for taxpayers that own property classified as class two property under A.R.S. § 42-12002 and who convey ownership or development rights of that property to an agricultural preservation district under A.R.S. § 48-5702.

To receive a credit, the taxpayer must apply to the agricultural preservation district on or before January 15 following the calendar year in which the conveyance or close of escrow occurred. By February 15, the district will determine credit eligibility and the amount of the credit. The taxpayer must claim the credit on the next tax return filed after receiving the certificate from the district.

If the taxpayer conveys the ownership of the property to the district, the amount of the credit is the appraised value of the property. If the taxpayer conveys the development rights of the property to the district, the amount of the credit is the difference between the appraised value of the undeveloped land and the appraised value of the land for development purposes. However, the district cannot certify tax credits in any calendar year exceeding \$33,000. If qualifying applications exceed \$33,000, the district will proportionately reduce the amount of the credit awarded to each taxpayer.

This credit is in lieu of any other deduction or credit.

Line-by-Line Instructions

Enter the names and taxpayer identification numbers (TIN) as shown on Form 140, 140PY, 140NR, 140X, 120, 120A, 120S, 120X, or 165. Fiscal year basis taxpayers must indicate the period covered by the taxable year. Attach the completed form to the tax return.

All returns, statements, and other documents filed with the Department of Revenue require a taxpayer identification number (TIN). The TIN is either a correct social security number or, for a business, the federal employer identification number. Paid tax preparers must also include their TIN on forms where requested. Taxpayers and paid preparers who fail to include the preparer TIN may be subject to a penalty. Please check the return to be sure that all required identification numbers are accurate and written clearly. Missing, incorrect, or unclear identification numbers may cause delays in processing the returns.

Part I - Credit

Line 1 -

Enter the amount of credit shown on the certificate issued by the agricultural preservation district. If you have more than one certificate, enter the aggregate amounts. You must attach a copy of each certificate to Form 330 when you file.

Part II - S Corporation Credit Election and Shareholder's Share of Credit

Line 2 - S Corporation Credit Election

All S corporations must complete line 2. The S corporation must make an irrevocable election to either claim the credit or pass the credit through to its shareholders. One of the officers of the S corporation who is also a signatory to the Arizona Form 120S must sign this election.

Lines 3 through 5 -

If the S corporation elects to pass the credit through to its shareholders, it must also complete lines 3 through 5.

An S corporation must complete lines 1 and 2 of Form 330. Then, complete lines 3 through 5 separately for each shareholder. Each shareholder may claim only a pro rata share of the credit based on the shareholder's ownership interest in the S corporation. The S corporation must furnish each shareholder with a copy of the completed Form 330.

Each shareholder must complete line 9.

Part III - Partner's Share of Credit

Lines 6 through 8 -

A partnership must complete line 1 of Form 330. Then, complete lines 6 through 8 separately for each partner. Each partner may claim only a pro rata share of the credit based on the partner's ownership interest in the partnership. The partnership must furnish each partner with a copy of the completed Form 330.

Each partner must complete line 9.

Part IV - Total Available Credit

Line 9 - All Taxpayers Claiming The Credit

Individuals, corporations, and S corporations that are taking the credit, enter the amount from Part I, line 1. S corporation shareholders, enter the amount from Part II, line 5. Partners of a partnership, enter the amount from Part III, line 8.

Individuals also enter this amount on Form 140, page 1, line 36, or Form 140PY, page 1, line 38, or Form 140NR, page 1, line 36, or Form 140X, page 1, line 40.

Corporations also enter this amount on Form 120, page 1, line 25, or Form 120A, page 1, line 17, or Form 120X, page 1, line 25.

S corporations that are taking the credit also enter this amount on Form 120S, page 1, line 21.

Amounts refunded under this program will be subject to federal and Arizona tax. The department will issue a statement to the IRS indicating the amount refunded to you.